

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL WORK SESSION MEETING OF OF THE BOARD OF DIRECTORS OF THE CASCADE METROPOLITAN DISTRICT NO. 1 HELD FEBRUARY 18, 2014

A special work session meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 18th day of February, 2014, at 5:00 p.m., at the Cascade Fire Station, 8015 Severy Road, Cascade, Colorado. The meeting was open to the public.

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#### ATTENDANCE

##### Directors In Attendance Were:

P. J. Anderson  
Mike Whittemore  
Mike Herr  
Robert Justis  
Troy Eason

##### Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

Members of the Public; see attached list

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#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Director Anderson noted that a quorum was present and requested members of the Board to disclose any additional potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting which were filed with the Secretary of State's Office and Board of Directors at least 72 hours in advance of the meeting as required by Colorado law. The Board acknowledged Director Anderson's Conflict of Interest disclosure, a copy of which is attached hereto.

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#### ADMINISTRATIVE MATTERS

Agenda: There was no action taken.

Approval of Meeting Location: There was no action taken.

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### WORK SESSION DISCUSSION

**Prosecution Matters for Embezzlement Case:** It was noted that the Fourth Judicial District Attorney was not able to attend this meeting.

**Litigation and Negotiations with City of Colorado Springs and Colorado Springs Utility:** The Board discussed the Agreement Concerning the Continuance of Trial and Payment of Sums Past Due with the City of Colorado Springs/Colorado Springs Utilities and received a substantial amount of public comments on the same. Many of the public comments were in the form of questions about the alleged embezzlement of District funds. Director Anderson responded to these questions to the extent possible due to the ongoing criminal investigation. He said that the Fourth Judicial District Attorney Dan May planned to be at this meeting to address these questions but he was unable to attend due to the traffic issues on Highway 24. There were additional comments regarding the proposed rate action for consideration at the February 25, 2014 Regular Meeting. Many of those commenting noted that the rate payers should not be required to pay a fee to pay the arrearages to the City of Colorado Springs that was caused by the alleged embezzlement. There were several questions and responses from Directors about how the alleged embezzlement was able to occur and why the Board had not discovered it sooner. Director Anderson responded by stating that the District had annual audits during the period of the alleged embezzlement and the alleged embezzlement was not detected by those audits.

**District Compliance Matters and Protective Measures Put into Place by Special District Management Services, Inc. for District:** There was no discussion.

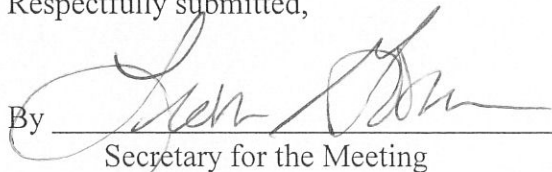
**Capital and Operations Reserve Funds for Future Repairs, Replacements and Maintenance Obligations of the District for Public Infrastructure:** There was no discussion.

### ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

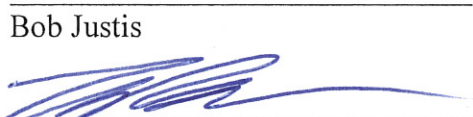
By

  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

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THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 18, 2014  
MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE  
BOARD OF DIRECTORS SIGNING BELOW:

  
\_\_\_\_\_  
P.J. Anderson  
\_\_\_\_\_  
Mike Whittermore  
\_\_\_\_\_  
Mike Herr  
\_\_\_\_\_  
Bob Justis  
\_\_\_\_\_  
Troy Eason

OFFICE OF THE SECRETARY OF STATE  
OF THE STATE OF COLORADO  
**CERTIFICATE**

20145004600

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

**P.J. ANDERSON**  
PRESIDENT  
CASCADE METROPOLITAN DISTRICT NO. 1

has disclosed and filed a Conflict of Interest with this office in accordance with section 24-18-110, C.R.S., and Rule 1.1 of the Secretary of State's Rules Concerning Conflicts of Interest.

The Conflict of Interest Disclosure was filed with the following information:

**Amount of Financial Interest (if any): n/a**

Purpose and Duration of Services Rendered: Additional information was filed as an attachment.

Other Relevant Information: Additional information was filed as an attachment.

This certificate reflects facts established or disclosed by documents electronically filed in this office on 02/14/2014 @ 15:51:57 PM.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on Friday, February 14, 2014 @ 03:52:01 PM pursuant to and in accordance with applicable law.



A handwritten signature in black ink, appearing to read "Scott Gessler", is written over a horizontal line.

Secretary of State of the State of Colorado

*Notice: A certificate issued electronically from the Colorado Secretary of State's website is fully and immediately valid and effective.*

**CONFLICTS DISCLOSURE FORM**

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**TO:** THE BOARD OF DIRECTORS OF CASCADE METROPOLITAN DISTRICT NO. 1; AND THE SECRETARY OF STATE

**FROM:** P.J. Anderson

**RE:** Disclosure of Conflict or Potential Conflict of Interest

I, P.J. Anderson, am a member of the Board of Directors (the "Board") of Cascade Metropolitan District No. 1, (the "District").

In accordance with Section 24-18-109(3)(b), Section 24-18-110, Section 32-1-902, and Section 18-8-308, C.R.S., I hereby give notice to the District and the Secretary of State that to the best of my knowledge, information and belief, and as disclosed herein, I have a conflict or a potential conflict of interest which may impinge on my fiduciary duty and the public trust with respect to the matters set forth herein.

Further, in accordance with applicable law, this disclosure contains information regarding my ownership of any interest in property within the boundaries of the District, and any affiliation I may have with any business(es) or other private entity(ies) and the amount of any financial interest with respect to my qualification as a director and to any other specific transaction under consideration by the Board of the District, which may give rise to my conflict or potential conflict of interest.

The interests in property within the District and business ventures described in this Disclosure Form may create the potential for conflicts of interest in my service as a member of the Board, in that actions under consideration or actions officially taken by the Board may benefit, directly or indirectly, my interests as disclosed herein. Such actions may include, but are not limited to: authorization of construction of public improvements, actions to engage contractors for improvements or services, actions relative to various requirements of state, local and federal laws and other matters to keep the District in good standing as a political subdivision of the State of Colorado, issuance of bonds or incurrence of other financial obligations in furtherance of the District's activities, approval of reimbursement agreements with business ventures in which I have a financial interest or in which I have a personal interest, establishing and collecting fees and taxes, approval of payments and other official actions or decisions of the Board, and negotiations relative to any such matters.

1. Do you have any real or personal property (i.e. taxable business property) interests within the boundaries of the District or that may be affected by activities of the District? Yes ☒ No

If yes, please describe the location and size of the property and the percentage you own or the extent of your personal interest.

Property

Interest

2. Do you have any interest in any business or businesses that may become involved with or are affected by the activities of the District? (Yes) No

If yes, please list the business or businesses and the extent of your ownership.

Business

Percentage Interest

I am the sole owner of the Cascade Public Service Company ("PSC"). PSC assigned its rights to receive treated water from the City of Colorado Springs in 2005 at no cost. In addition, PSC has agreed to convey sufficient water rights to the District at no cost to serve its customers should PSC and the District be permitted to terminate a 1990 Agreement with the City and construct a new water treatment plant. The only asset of PSC is water rights. In the event that the 1990 Agreement is terminated and sufficient water rights are conveyed to the District as agreed, I have a financial interest in the remaining water rights.

3. Are you a director or officer in any business or businesses that may become or are currently involved with or affected by the activities of the District? (Yes) No

If yes, please list the business or businesses and the office held.

Business

Office

I am the sole owner of the Cascade Public Service Company ("PSC"). PSC assigned its rights to receive treated water from the City of Colorado Springs in 2005 at no cost. In addition, PSC has agreed to convey sufficient water rights to the District at no cost to serve its customers should PSC and the District be permitted to terminate a 1990 Agreement with the City and construct a new water treatment plant. The only asset of PSC is water rights. In the event that the 1990 Agreement is terminated and sufficient water rights are conveyed to the District as agreed, I have a financial interest in the remaining water rights.

4. Do you personally have a loan or debtor interest which may be affected by action of the District's board? (Yes) No

If yes please list the entities that you have loaned money to, or that have loaned money to you and the amount of the loan or debtor interest

Business

Amount

I am the sole owner of the Cascade Public Service Company ("PSC"). PSC assigned its rights to receive treated water from the City of Colorado Springs in 2005 at no cost. In addition, PSC has agreed to convey sufficient water rights to the District at no cost to serve its customers should PSC and the District be permitted to terminate a 1990 Agreement with the City and construct a new water treatment plant. The only asset of PSC is water rights. In the event that the 1990 Agreement is terminated and sufficient water rights are conveyed to the District as agreed, I have a financial interest in the remaining water rights.

5. Do you have a creditor interest in any insolvent business or businesses that may become involved with or are affected by the activities of the District? Yes No

If yes, please list the business or businesses, the extent of your interest in the business and the amount of your creditor or debtor interest.

Business

Percentage Interest


6. Are you currently employed by, or in negotiations for employment with, any business or businesses that may become involved with or are affected by the activities of the District? Yes No

If yes, please list the business or businesses and the amount of compensation (i.e. salary, bonus or compensation based on profitability of the business) and/or other compensation.

Business

Compensation


7. Do you provide services to any business or businesses that may become involved with or are affected by the activities of the District? Yes No

If yes, please list the business or businesses, the type of services provided, the time period the services were or will be provided and the type and amount of compensation.

Business

Services

Purpose

Time Period

Compensation

8. I have the following additional personal or private interests which may create a potential conflict of interest: \_\_\_\_\_

9. Are you a member of an executive board of an owners' association located within the boundaries of the District? (i.e., a HOA, POA or similar) Yes No

If yes, please list the name of the association and the office you hold.

In addition to the foregoing disclosure, which shall be deemed a continuing disclosure, and shall apply to all actions taken at meetings of the Board for which I am a participant, and shall, by the filing hereof with the Board and the Secretary of State, be deemed made at least 72 hours in advance of any such meeting, in accordance with law, I may also have a conflict or potential conflict of interest with respect to the following specific transactions which may come before the Board:

1. Exhibit A which is the agenda for the meeting.

Signature: \_\_\_\_\_

Last Updated 12/13/2013

**EXHIBIT A**  
(Meeting Agenda)

## CASCADE METROPOLITAN DISTRICT NO. 1

### Administrative Offices

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 • 800-741-3254  
Fax: 303-987-2032

### NOTICE OF SPECIAL WORK SESSION MEETING AND AGENDA

**NOTE: The Special Meeting is intended to be a work session and public informational session regarding the agenda items set forth below. The Board will not take formal action at this meeting on matters. Any formal action will be considered at the District's regular meeting scheduled for February 25, 2014.**

#### Board of Directors:

P. J. Anderson  
Mike Whittemore  
Mike Herr  
Bob Justis  
Troy Eason

President  
Vice President  
Secretary/Treasurer  
Assistant Secretary  
Assistant Secretary

#### Term/Expires:

2014/May 2014  
2014/May 2014  
2016/May 2016  
2014/May 2014  
2016/May 2014

DATE:        February 18, 2014

TIME:        5:00 p.m.

PLACE:       Cascade Fire Station  
                  8015 Severy Road  
                  Cascade, CO 80809

#### I.     ADMINISTRATIVE MATTERS

A.     Approve Agenda.

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B.     Present Disclosures of Potential Conflicts of Interest.

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#### II.    WORK SESSION DISCUSSION

A.     Update from District Attorney on Prosecution Matters for Embezzlement Case.

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B.     Update on Status of Litigation and Negotiations with City of Colorado Springs and Colorado Springs Utility.

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- C. Update on District Compliance Matters and Protective Measures Put into Place by Special District Management Services, Inc. for District
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- D. Discuss Capital and Operations Reserve Funds for Future Repairs, Replacements and Maintenance Obligations of the District for Public Infrastructure.
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III. ADJOURNMENT THE NEXT REGULAR MEETING IS SCHEDULED FOR  
FEBRUARY 25, 2014

# CASCADE METROPOLITAN DISTRICT No. 1

February 18, 2014

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
Joe + Pat Rice	7930 Topoka Ave	719-380-8748 jspruce@men.com	
Jane Stark	7875 Gardiner Rd	C (719) 684-7705 jstark@ColoradoCollege.edu	
Michael Ayers	4350 Heizer St.	719-352-1981 michaelayers19@gmail.com	
Kirsten Akse	8815 Emporia	akse1@comcast.net	
Bill Bishop	4885 Marriott Rd	719.684.8033 jbishop1969@gmail.com	
JEAN BETHAN SANTAS WOODSHOL	5050 Pikes Peak Hwy	719/684-9432 SANTASHELEN@SANTAS-COLORADO.COM	

# CASCADE METROPOLITAN DISTRICT No. 1

February 18, 2014

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

<input type="radio"/> ME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
Marlee & Pam Bland	8215 Avenue Hill Rd PO Box 177 Cascade, CO 80809	719.684.2275 719-337-0002 cell	wbland@kirkpatrickbank.com
Cheryl Ricklefs Michael Knigut	8210 Avenue Hill Rd PO Box 13 Cascade 80809	719.684-9690 719 648-2340 719. 290-0127	Cherylricklefs@yahoo.com michaelalexander49@msn.com
Donna Dunkley Jim Dunkley	PO Box 698 8320 Emporia Ave Cascade, CO 80809	719 684-2116 719 510 9729 719 510 9730	CascadePH@aol.com Dunkley48@msn.com
Janet Frank	4810 Pyramind Mtn Rd Box 276 Cascade, CO 80809	719-331-5787 jfrank@yahoo.com	
Mary Lichina	PO Box 834 Cascade, CO 80809	719-641-4023 lichina@msn.com	

# CASCADE METROPOLITAN DISTRICT No. 1

February 18, 2014

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

ME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
John Barnes	4250 Outpost	684-2688 woodlandpainting@hotmail.com	
Tara + Dave Kelley	7850 Bluff	499-2549 cokelley@msn.com	
Diane Rossin	2915 Forest Rd	528-5708 drossin@comcast.net	
Bruce & Lisa Seachris	4435 Heizer St.	719-510-0912 Seachrisbr@hotmail.com	Orange Hilling at Lisa Cordova to married name

# CASCADE METROPOLITAN DISTRICT No. 1

February 18, 2014

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
ARTZ Lisa Lynda	4640 mesa rd	lyndaa@cc1.org	
Pat Leute	7915 Topeka	pleute@gmail.com	
Dan Lampe	4645 Mesa Rd	slampe@msn.com	
SANDY & BOB Tennick	8870 WUS 24 CASCADe Co 80809	info@cascaDescapeS.com	
Tom Harris	78155. ToPeKa AvE	cascaDelikeRS@ msn.com	

# CASCADE METROPOLITAN DISTRICT No. 1

February 18, 2014

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

<input type="radio"/> ME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
Allan Cunningham	8302 Chivita Park Rd	719 484 8286	AlCunningham@msn.com
Don Overson	7150 Macleiff Rd	719-460-3010	dover5000@msn.com
Jeanne Barron	8212 Emporia Ave.	719 684-7915	JeanneBarron@msn.com
Linda Ruyte	4360 Outpost Rd	719-684-2150	Lruchte@msn.com
Candy Ruyte	" " "	" " "	Lruchte@hotmail.com
Neil Bahrenburg	8225 W Hwy 24 Cascade, CO 80809	719-684-9162	nubahrenburg@msn.com

## CASCADE METROPOLITAN DISTRICT No. 1

February 18, 2014

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

[illegible]

Feb 18, 2014

NAME	Phone #	NAME	Phone #
Donohue	7192055755	Char Berryman	684-7933
Michael Ayers	719-352-9981	BRYCE ESGAR	684-9317
Harold McCudie	684-2622	Coleman & Jeanne Barron	684-7915
Frances McCudie	684-2622	Steve & Leslie Lewis	684-9084
Nancy Goss	684-2226	Mary & Tom Lichina	641-4023
Lebi MAIN	684-2161	Diane Rossin	528-5718
DON OVERSON	460-3010	Charles V. Christian	684-9788
Jane Stark	684-7705	Richard Treiber	684-7994
Joe & Art Rice	380-8748	Molly Treiber	684-7994
George & Jane Shuffa	661-5337	Van Lichtman	641-4023
Donna & Jim Dunkley	684-2116	WARNE & PAUL Bland	684-2275
Glen Engle	687-1805		
Allan Cunningham	684-8286	Michael Knisley & Cheryl Ricklefs	684-9690
JANET FRANK	684-7889	Kirsten Akse	520-5015
Tom & Candy Harris	684-9612	BRIAN & DEBBIE REYNOLDS	719964-3986
Pat Leute	684-2078	SANDY & Robert Pennick	719 684 9442
Lisa Haight	332-6418	Jim & Andrea Houk	719-460-1947
Linda Ruyle	684-2150	Dennis & Dianna Wagner	684-2548
Jill Bishop	684-8033	Ralph E. Mardock	684-8395
Dankamp	684-9368	Art Lynch	632-2445
JERRY BERTRAM	684-9432	Randy Luke	684-2150
Jay VICKERMAN	684-9495	JOHN BARNES	684-2688
Andrea Vickerman	684-9495	Kevin L. Holt	684-9740
Harold Bartz			
Dennis & Fleury	684-2548		
Christy & Neil Bahenlung	684-9762		